

SECRET

CONFIDENTIAL

25 September 54

MEMORANDUM TO: Colonel White

SUBJECT : Retroactive Adjustment of Contract Agent's Compensation

1. An EE Division agent, [REDACTED] was engaged in the field under a two year contract which became effective in June 1953. From 1949 to 1951 he had been with the [REDACTED] receiving an annual salary of \$8,500 plus free schooling, free quarters, Post Exchange and Commissary and other governmental perquisites. In an attempt to provide an actual promotion in terms of take-home pay, he was provided, under the Agency contract, with taxable compensation in the amount of \$9,500 and free quarters.

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2. Under his non-governmental status, however, he has not has access to governmental shopping facilities, he has had to pay \$750 a year for tuition of his three school age children and he has had to pay approximately \$400 a year to maintain his automobile on the [REDACTED] economy as compared with approximately \$100 if he had access to Post Exchange facilities.

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3. The accumulative effect of these costs have resulted in [REDACTED] actually receiving less take-home pay, and the intent of the agreement has not at all been met by the terms of the contract as drawn. The contract has been amended effective June 1954 to provide for an increase of \$750 from June 1954 thru June 1955.

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4. The Special Contracting Officer will not, in line with current policy, amend a contract retroactively.

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5. Your concurrence is requested in authorizing an additional \$750 to [REDACTED] for the year of June 1953 to June 1954 (first year of the contract). This will return him a net (after taxes) of approximately \$500, or somewhat less than 50 percent of the increased costs.

6. On the basis of the situation outlined, the request does not appear unreasonable and I would be inclined to approve it. I wonder a little about the manner of approval. Should it be done (a) in a sort of arbitrary way by memo addressed to DD/P Admin, signed by the DD/A, or (b) by a memo from DD/A to the Assistant Director for Personnel, attention Mr. [REDACTED] Chief, Special Contracting, Allowances and Processing Staff, indicating that you concur in the request of DD/P Admin for an exception to the rule regarding retroactive amendments to contracts, and request that an additional payment be authorized thru his Office? I wonder if it is not within the authority of SCAPS to authorize payments of this type where the facts would seem to indicate that an adjustment is in order. If the facts in a particular situation do require an adjustment, should the time of the presentation of the facts, in itself, prohibit their consideration? In the situation at hand, an adjustment was requested after

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the expiration of a year which does not appear to be undue delay inasmuch as compensation was established on an annual basis and the request for adjustment would probably not have been considered, in any event, until a year's experience had been given.

25X1A 7. I am raising the above questions for your consideration because I
25X1A9a (a) feel that this is a matter which should properly be handled under the provisions of Regulation [REDACTED] and (b) I do not know the background of your understanding with Mr. Reynolds and [REDACTED] regarding this type of thing.

8. I would appreciate a minute to discuss this with you prior to taking further action.

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